



**Press Release**  
**First Nine Months of 2021**

**LTG Reports an Attributable Net Income of Php9.95 Billion for the First Nine Months of 2021, 38% Lower than 9M20's Php16.10 Billion**

LT Group, Inc.'s (LTG) posted an attributable net income of Php9.95 billion for the first nine months of 2021, compared to an attributable net income of Php16.10 billion reported for the same period in 2020. The 38% decline is mainly due to the higher provisioning for credit losses booked by its banking subsidiary and the elimination of the gain from the transfer of real estate assets at the consolidated level.

The tobacco business accounted for Php13.27 billion 33% more than LTG's total attributable income. Tanduay Distillers, Inc. (TDI) added Php998 million, 10% of total. Asia Brewery, Inc. (ABI) contributed Php411 million while Eton Properties Philippines, Inc. (Eton) accounted for Php366 million, around 4% of total from both subsidiaries. The 30.9% stake in Victorias Milling Company, Inc. (VMC) added Php169 million or 2% of total. Net expenses at the parent level amounted to Php62 million. Philippine National Bank (PNB) had a negative net contribution of Php5.20 billion after eliminating the gain of Php33.60 billion at the consolidated LTG level.

In June, LTG declared a Php0.24 per share special cash dividend or a total of Php2.60 billion and was paid in July. This brought total cash dividends declared in 2021 to Php0.48 per share or Php5.19 billion. This is equivalent to 24.7% of LTG's 2020 attributable net income.

LTG's balance sheet remains strong. Debt-to-Equity Ratio was at 3.94:1 with the Bank, and at 0.15:1 without the Bank as of end-September 2021.

**Philippine National Bank (PNB)**

Publicly-listed PNB reported a 9M21 net income of Php24.43 billion under the pooling method, inclusive of a Php 33.60 billion gain from the transfer of some properties into PNB Holdings Corporation. However, at the consolidated LTG level, these gains were not recognized, which together with higher provisioning for credit losses resulted in a Php5.21 billion loss contribution from PNB to LTG.

Net Interest Income was 1% lower at Php25.76 billion. Net Service Fees and Commission Income were 52% higher at Php3.87 billion. Trading and Foreign Exchange Gains were 63% lower to Php1.56 billion.

## **Tobacco**

The industry's volume was estimated at 41.2 billion sticks in 9M21, 12.3% lower than 9M20's 47.0 billion sticks, primarily due to the impact of the COVID-19 pandemic and the various quarantine protocols on the purchasing power of consumers.

Illicit activities have also been rising, which include smuggled and locally produced products. In 9M21, there were 139 enforcements by the government, compared to 114 in 9M20.

The tobacco business had a net income of Php13.32 billion in 9M21, Php1.15 billion or 9% more than 9M20's Php12.17 billion.

Under Republic Act (RA) 11346 which signed in July 2019, the excise tax on tobacco was further increased. From Php35 per pack in 2019, it increased to Php45 per pack in 2020 and is now at Php50 in 2021. It will increase by Php5 per pack annually in 2022 and 2023, then increase by 5% annually thereafter. LTG is not against tax increases, but believes that the hikes should be moderate. Continued price hikes to pass on higher excise taxes may result in further volume declines.

## **Tanduay Distillers, Inc. (TDI)**

TDI's net income for the first nine months of 2021 was Php1.00 billion, Php86 million or 8% lower than 9M20's Php1.09 billion. The lower income is due to lower margins due to higher production costs, higher operating expenses and lower selling prices for bioethanol.

As of end-September 2021, TDI's nationwide market share for distilled spirits was at 29.9%, compared to September 2020's 25.8%. In the Visayas and Mindanao regions where most of TDI's sales are generated, market share was at 69.2% and 76.2%, respectively, as of September 2021, compared to 62.2% and 77.6%, respectively, as of September 2020.

## **Asia Brewery, Inc. (ABI)**

ABI's net income for 9M21 was Php411 million, a significant improvement from the Php4 million reported in 9M20. The higher income is largely due to the absence of any losses from the AB Heineken joint venture as the partnership transitions starting 2021 to the engagement of ABI to brew and distribute Heineken® and Tiger® beers in the Philippines.

Revenues were slightly higher as the higher volume for Cobra Energy Drink was offset by the lower volume of Absolute and Summit bottled water and Vitamilk soymilk. ABI's on-the-go sales at convenience stores continue to be adversely affected by the various forms of lockdowns imposed since March 2020.

Cobra Energy Drink remains the market leader with a 65% share. Vitamilk also maintained its leadership with a market share of 69%. Bottled water brands, Absolute and Summit, continue to have the second largest share in this segment at 23%.

#### **Eton Properties Philippines, Inc. (Eton)**

Eton's net income for 9M21 was Php367 million, 42% or Php266 million lower than 9M20's Php633 million. The lower net income is attributed to the decline in residential unit sales and lower leasing income.

Projects in the pipeline include Eton City Square 1, the 4.3-hectare neighborhood retail and commercial center in Sta. Rosa, Laguna which will add 7,000 square meters of net leasable area to Eton's commercial leasing portfolio in phase 1. Another project is phase 2 of WestEnd Square in Makati which will have 23,000 square meters of net leasable area.

Eton currently has a leasing portfolio of around 181,000 square meters of office space and over 45,000 square meters of retail space.